

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
HAWAIIAN ELECTRIC COMPANY, INC.)
For Approval and/or Modification of)
Demand-Side and Load Management)
Programs and Recovery of Program)
Costs and DSM Utility Incentives.)
_____)

Docket No. 05-0069

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ROCKY MOUNTAIN INSTITUTE'S
INFORMATION REQUESTS
AND
CERTIFICATE OF SERVICE

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ROCKY MOUNTAIN INSTITUTE'S INFORMATION REQUESTS

Rocky Mountain Institute (RMI) respectfully submits its information requests in accordance with the Schedule of Proceedings in Docket No. 05-0069 as amended by the State of Hawaii Public Utilities Commission (Commission) in its letter to William Bonnet dated April 13, 2006. To the extent that these information requests to the Hawaii Electric Company, Inc. (HECO) apply to the Statewide Issues identified in this docket, the information requests should be interpreted to apply also to the Maui Electric Company, Ltd. (MECO) and the Hawaii Electric Light Company, Inc. (HELCO).

A. INFORMATION REQUESTS TO HECO

RMI/HECO-IR-1 Re: HECO FSOP at page 13: "Free-riders" in RPS

Does HECO consider impacts of measures installed by "free-riders" to be electrical energy savings brought about by its DSM programs?

RMI/HECO-IR-2 Re: HECO FSOP at page 29. "Thus, a TRC test on residential water heating programs may indicate a lower level of cost-effectiveness because participant decision-making is not solely economically based."

Please clarify this statement or provide a numerical example or explain how a TRC test result is changed due to the decision-making mindset of program participants.

RMI/HECO-IR-3 Re: HECO FSOP at pages 30-31, outside positions.

Please provide the percentage of current positions for HECO, MECO and HELCO directly related to DSM administration that are contract employees from outside firms.

RMI/HECO-IR-4 Re: HECO FSOP at page 46: scope of discussion.

Please indicate the extent to which HECO's discussion of DSM incentive mechanisms provided "in more detail in Issue #8" also apply to MECO and HELCO or more generally as statewide issues.

RMI/HECO-IR-5 Re: HECO FSOP at page 78: "Utility compensation should also be excluded from program costs."

Does HECO hold that utility “compensation” (DSM utility incentives) are not costs to ratepayers associated with DSM implementation?

RMI/HECO-IR-6 Re: HECO FSOP at page 79: “However, if the higher compensation was included as a program cost, then program cost would increase as a result, and therefore, lower compensation.”

Please verify the accuracy of this statement and either provide a revision or provide a numerical example showing how this could be possible. Show how a decrease in program costs without a decrease in program benefits could result in a decrease in utility compensation using a 5% or 10% utility share of savings.

RMI/HECO-IR-7 Re: HECO FSOP Exhibit 4: Comparison with other utilities.

(a) Do the analyses documented in this exhibit take into account the differences between the respective utilities’ service territories, the number of utilities served, differences in end uses targeted and measures implemented or in customer energy costs?

(b) How many utility service territories are served by Efficiency Vermont?

RMI/HECO-IR-8 Re: HECO FSOP Exhibits 7 and 8: Clarification re: “Incentives”

In both of these exhibits there are numerous references to “incentives” that appear to refer exclusively to incentives to customer program participants. Please indicate whether this is the case and identify all references to incentives to utility incentives, if any, in the exhibits.

RMI/HECO-IR-9 Re: HECO FSOP Exhibits 7 and 8: Federal standards.

- (a) Are the “Demand (\$/kW)” costs on the table the same as “avoided capacity costs” determined by the IRP analyses? Please clarify the nature of these costs.
- (b) Are the demand costs referred to above “economic carrying charges” generated by the “Strategist” model? If not, please clarify.
- (c) Please identify the cost components included in the demand costs in the table referenced above. Indicate whether the costs include fixed operations and maintenance costs, depreciation, return and taxes and any other component costs.
- (d) Please provide, if available, the magnitudes and/or proportions of each of the components of the capacity costs identified in (c) above.
- (e) Are all of the costs in Exhibit 10 expressed in terms of revenue requirements (i.e. do they include gross up for taxes)? Please clarify.
- (f) Please identify the components of the “Average Energy-(\$/kWh) cost in the table. Indicate whether these costs include fuel, purchased power, variable O&M or other component costs. Please provide, if available the magnitudes and/or proportions of each of the components of these costs.
- (g) Are the avoided costs depicted in this table used throughout the preceding tables of the exhibit? If not, identify which preceding tables use different avoided cost assumptions and the source of the assumptions.
- (h) Explain the relationship of the three series of avoided cost estimates in the table and which are used in the preceding tables.

RMI/HECO-IR-13 Re: HECO FSOP Exhibit 10, p.12: Avoided Capacity Costs.

Please provide the following information to the extent it is available:

Several references are made to “Scenario A”. Does this scenario refer to the DSM case, the no-DSM case or both? Are there other scenarios? What are the results of the other scenarios? Please clarify.

RMI/HECO-IR-16 Re: HECO FSOP Exhibit 12, p.4: Deferred resource characteristics

(a) Does the table on page 4 of Exhibit 12 depict the resource deferrals associated with the avoided costs presented in the table on page 12 of Exhibit 10?

(b) Are the only resources deferred by the DSM portfolio the “Virtual DG” and “FBC Coal” resources?

(c) Please provide the Uniform Information Forms for the Virtual DG and FBC Coal resources.

(d) Please indicate how the Virtual DG resource was quantified and characterized to represent the impacts of the DSM resource portfolio.

RMI/HECO-IR-17 Re: HECO FSOP Exhibit 12, pp. 1-4: Virtual vs real DG.

(a) Is HECO actually undertaking any special efforts to encourage installation of DG resources to address its capacity reserve shortfall?

(b) Are any of these efforts part of the characterization of the Virtual DG resource characterized in Scenario A?

(c) Please identify what efforts HECO is making to encourage the installation of DG to address its capacity reserve shortfall.

(d) Would any of the efforts identified above be displaced, reduced or deferred by the implementation of the DSM portfolio?

RMI/HECO-IR-18 Re: HECO FSOP Exhibit 12, p.11: Derivation of utility incentives.

The tables on page 11 show lost margins and shareholder incentives for HECO's proposed DSM programs under HECO's original mechanisms.

(a) Does HECO provide anywhere in its filings in this docket similar information showing annual lost margins and shareholder incentives under any of its mechanisms proposed in this docket? Please indicate where this information has been provided.

(b) Does HECO provide updated versions of the exhibits to T-10 filed in Docket No. 04-0113 showing how its updated proposals for lost margins and shareholder incentives would be calculated, implemented and reconciled? Please indicate where this information has been provided.

RMI/HECO-IR-19 Re: HECO FSOP Exhibit 13: Utility incentive projections.

(a) Please clarify what is proposed in "Company Proposal 1st Alternative..." and "Company Proposal 2nd Alternative...". Do these refer to specific alternatives described in HECO's FSOP?

(b) Is it intentional that there are no fixed cost shortfall amounts entered on line 30?

RMI/HECO-IR-20 Re: HECO Rate Case Exhibits from Docket No. 04-0113.

In its own FSOP, RMI relies upon information from several exhibits and work papers filed by HECO as part of its original rate case application in Docket No. 04-0113. For each of the following exhibits and work papers please indicate whether they have been revised or

updated in Docket No. 04-0113 and whether the latest exhibits and work papers can be provided.

Only specific pages of the voluminous work papers are requested:

HECO-106 ECAC tariff pages: Revised sheet Nos. 63, 63A and 63B

HECO-1032

HECO-2207

HECO-2208

HECO-2211

HECO-2218 through 2225

HECO-WP-2202 pp.1-12 and 49-64 of 173

HECO-WP-2217, pp.90-95 of 153

RMI/HECO-IR-21 Please provide the following information for HECO's residential, commercial and total DSM programs for each year from 1996 through 2005 (or through 2004 where information is not available for 2005):

- (a) the kWh and kW impacts on the customer and generation levels and lost margins (A&S Report, May 31, 2005, Attachment E, p.126, Exhibit 20).
- (b) the calculation of unit lost margins including the revenue lost, energy charges in base rates, variable operations and maintenance costs and any other components used each year.
- (c) the calculation of shareholder incentives including program costs, avoided energy and capacity benefits, net benefits, and shared savings.
- (d) the amount of shareholder incentives and lost margins accrued (as adjusted) for recovery each year.

RMI/HECO-IR-22 Please provide for each year from 1996 through 2005 for each HECO customer class:

- (a) the base energy rates (by block where applicable)
- (b) the base fuel energy rates
- (c) the average marginal cost of delivered energy (broken down by components as in

HECO-WP-2217 at pages 90 – 95.)

(b) Please describe how the DCA proposes that the Public Utility Commission

(Commission) use the TRC, UCT and PCT tests to evaluate HECO's DSM Programs

RMI/CA-IR-4 Re: DCA FSOP at page 75-76: "Thus, it is clear from this definition [of Total Resource Cost Test as defined in the California Standard Practice Manual] that the utility incentive payments to customers who participate in DSM programs should be included in the TRC cost test."

(a) Please provide evidence that the California Public Utility Commission (CPUC) incorporates utility incentive payments to the customers in the Total Resource Cost test when evaluating the cost effectiveness of participant programs.

(b) Please provide the docket number where the CPUC applied these costs in the TRC test, and examples of the calculation used in that docket.

RMI/CA-IR-5 Re: DCA FSOP at page 75-76: "In that Manual, [the California Standard Practice Manual] the Total Resource Cost test is defined to include all program costs...However, if the Company is going to be allowed to recover these costs, [fixed recovery shortfall and/or shareholder incentives] then these costs should be included in the TRC."

(a) Please provide evidence that the CPUC incorporates shareholder incentives and/or lost margins in the TRC test.

(b) Please provide the docket number where the CPUC applied these costs in the TRC test, and examples of the calculation used in that docket.

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A handwritten signature in black ink, appearing to read "E. Kyle Datta", with a long horizontal flourish extending to the right.

E. Kyle Datta

DATED: _____

